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FISCAL IMPACT STATEMENT

LS 6692

BILL NUMBER: HB 1355

NOTE PREPARED: Jan 7, 2010

BILL AMENDED:

SUBJECT: Recycled Newsprint Fee and Promotion Fund.

FIRST AUTHOR: Rep. Wolkins

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Newspaper Fee.* This bill imposes a monthly fee on a newspaper publisher's use of newsprint in a newspaper published in Indiana equal to (1) \$25 multiplied by each metric ton of newsprint used by the publisher; minus (2) \$25 multiplied by each metric ton of newsprint used by the publisher that is newsprint that contains at least 40% post-consumer recycled content.

Recycled Newsprint Promotion Fund. The bill establishes the Recycled Newsprint Promotion Fund. Monthly fees must be (1) deposited in the fund; and (2) used by the Department of Environmental Management (IDEM) to award grants to assist publishers who wish to upgrade their presses to facilitate the use of recycled newsprint. Money in the fund is continuously appropriated.

Effective Date: July 1, 2010.

Explanation of State Expenditures: Any additional expenses incurred by IDEM to establish and operate a grant program, process reports, and award grants would be paid from the Recycled Paper Promotion Fund.

Explanation of State Revenues: *Newspaper Fee.* This bill imposes a monthly fee on newspaper publishers' use of recycled newsprint. The amount of the fee is the total **recycled** newsprint used that contains at least 40% post-consumer recycled content multiplied by \$25 and then subtracted from the **total** newsprint used multiplied by \$25. The fee is to be deposited into the Recycled Newsprint Promotion Fund.

Recycled Newsprint Promotion Fund. The bill creates the Recycled Newsprint Promotion Fund, which consists of revenue generated by the \$25 fee, appropriations, and gifts or grants. The fund is to be used by IDEM to establish and operate a grant program to assist publishers in upgrading their presses for the use of

recycled content paper.

The Treasurer of State must invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. All money accruing to the fund is appropriated continuously for the specified purposes. Money in the fund at the end of a fiscal year does not revert to the state General Fund.

In 2006 at least 117,151 metric tons of newsprint were used. The fee collection will depend on the distribution of recycled newsprint usage by each publisher in each month. A survey of newspaper publishers in 2006 reported the average recycled fiber content in newsprint used by those newspapers was 44.4%. Depending on how the newsprint purchases were distributed, the aggregate fee revenue could range between \$0 and \$1.6 M. A mid-point estimate for the aggregate fee revenue is \$0.8 M annually.

Background. HEA 1240–1991 established a Recycled Paper Task Force composed of representatives from the paper industry, newspaper publishers, IDEM, environmental advocates, and concerned citizens' groups. The Indiana newspaper industry agreed to incrementally increase the percentage of recycled fiber in newsprint to a minimum of 40 percent by 2000. The Hoosier State Press Association (HSPA) surveyed its members annually through 2006 to monitor progress toward this goal.

A total of 110 newspapers responded to the 2006 survey. Responders indicated that 117,151 metric tons of newsprint were used. The average recycled fiber content in newsprint used by those newspapers was 44.4%.

There are approximately 190 paid circulation newspapers in Indiana plus numerous free publications. These additional publications could increase the amount of revenue raised by the fee.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM.

Local Agencies Affected:

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